

DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollars in thousands)

| | <u>FTP</u> | <u>FTE</u> | <u>Amount</u> |
|---|------------|------------|---------------|
| Adjustments | (700) | (700) | 0 |
| <p>Full-Time Permanent Position (FTP) Adjustment and Full-Time Equivalent (FTE)..... (700)</p> <p>The PTO is adjusting the number of Full-Time Permanent Positions (FTP) and Full-Time Equivalents (FTE) in an effort to realign FTP and FTE in FY 2002. The adjustments are for unfunded and unfilled positions and do not impact on any personnel in the USPTO but does represent our FTP's and FTE's more accurately.</p> | | | |
| 2001 Pay Raise | 0 | 0 | 4,957 |
| <p>Full Year of 2001 pay increase and related costs</p> <p>A pay raise of 3.81% is to be effective January 1, 2001.</p> <p>Total cost in 2002 of 2001 pay increase..... 17,618,000</p> <p>Less amount funded in 2001..... -12,661,000</p> <p>Less amount absorbed..... 0</p> <p>Amount requested in 2002 to provide full-year cost of 2001 pay increase..... 4,957,000</p> <p>Less amount funded in 2001..... 0</p> <p>Total, adjustment for 2001 pay increase..... 4,957,000</p> | | | |

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| 2002 Pay Raise | 0 | 0 | 13,984 |
| A general pay raise of 3.6% is assumed to be effective January 1, 2002. | | | |
| Total cost in 2002 of pay increase..... | | | 13,984,000 |
| Less amount absorbed in FY 2002..... | | | 0 |
| Amount requested for 2002 pay increase..... | | | 13,984,000 |
| Total, adjustment for 2002 pay increase..... | | | 13,984,000 |
| Full-year cost in 2002 of positions financed for part-year in 2001 | 0 | 0 | 6,287 |
| An increase of \$6,287,287 is required to fund the full-year cost in 2002 of positions financed for part-year in 2001. The computation follows: | | | |
| Annual salary of new positions in 2001..... | 0 | | 33,926,861 |
| 2001 Pay Raise..... | 0 | | 1,292,613 |
| Less 5 percent lapse..... | 0 | | -1,760,974 |
| Full-year cost of personnel compensation..... | 0 | | 33,458,500 |
| Less personnel compensation in 2001..... | 0 | | -28,623,249 |
| Cost of personnel compensation in 2002..... | 0 | | 4,835,251 |
| Adjustment for 2002 pay raise (.036 x .75 x \$4,835,251)..... | 0 | | 130,552 |
| Amount required for personnel compensation..... | 0 | | 4,965,803 |
| Benefits..... | 0 | | 1,321,484 |
| Total adjustment-to-base..... | 0 | | 6,287,287 |

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| <u>Within-grade step increases</u> | | 0 | 0 | 5,170 |
| An increase of \$5,169,545 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases including merit pay increases which will be earned in 2002. | | | | |
| Estimated number of within-grade step increases..... | 3,467 | | | |
| Step increases not earned due to turnover (10.9% x 3,467)..... | 378 | | | |
| Average step above step 1 per separation..... | 3 | | | |
| Average cost per within-grade step increase..... | 1,869 | | | |
| Gross cost of scheduled step increase (\$1,869 x 3,467)..... | 6,479,823 | | | |
| Less savings due to separations (\$1,869 x 378 x 3)..... | -2,119,446 | | | |
| Subtotal, personnel compensation..... | 4,360,377 | | | |
| Benefits..... | 809,168 | | | |
| Total adjustment-to-base..... | 5,169,545 | | | |
| <u>Change in compensable days</u> | | 0 | 0 | 2,094 |
| The increased cost of one more compensable day in 2002 compared to 2001 is calculated by dividing the 2001 estimated personnel compensation (\$449,675,000) and applicable benefits (\$96,920,000) by 261 compensable days. The cost increase of one more compensable day is \$2,094,234. | | | | |

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| | 0 | 0 | (924) |
| <u>Civil Service Retirement System (CSRS)</u> | | | |
| <p>The number of employees covered by the Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 20.9% in 2001 to 18.4% in 2002 for regular employees. The contribution rate of 8.51% remained the same from FY 2001 to FY 2002.</p> | | | |
| Regular: | | | |
| 2002 \$434,316,000 x .184 x .0851..... | 6,800,694 | | |
| 2001 \$434,316,000 x .209 x .0851..... | -7,724,701 | | |
| Total adjustment-to-base..... | -924,007 | | |
| <u>Federal Employees Retirement System (FERS)</u> | 0 | 0 | 1,162 |
| <p>The number of employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 79.1% in 2001 to 81.6% in 2002 for regular employees. The contribution rate of 10.7% will remain the same from FY 2001 to FY 2002 for regular employees.</p> | | | |
| Regular: | | | |
| 2002 \$434,316,000 x .816 x .107..... | 37,920,999 | | |
| 2001 \$434,316,000 x .791 x .107..... | -36,759,203 | | |
| Total adjustment-to-base..... | 1,161,796 | | |

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| Thrift Savings Plan (TSP) | 0 | 0 | 217 |
| <p>The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to remain 2%.</p> | | | |
| Regular: | | | |
| 2002 \$434,316,000 x .816 x .02..... | 7,088,037 | | |
| 2001 \$434,316,000 x .791 x .02..... | -6,870,879 | | |
| Total adjustment-to-base..... | 217,158 | | |
| Federal Insurance Contribution Act (FICA) | 0 | 0 | 657 |
| <p>As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI will rise from \$78,450 in 2001 to \$82,800 in 2002. The OASDI tax rate will remain 6.2% in 2002.</p> | | | |
| Regular: | | | |
| 2002 \$434,316,000 x .816 x .984 x .062..... | 21,621,348 | | |
| 2001 \$434,316,000 x .791 x .986 x .062..... | -21,001,529 | | |
| Subtotal..... | 619,819 | | |
| Other: | | | |
| 2002 \$26,053,000 x .816 x .984 x .062..... | 1,296,984 | | |
| 2001 \$26,053,000 x .791 x .986 x .062..... | -1,259,804 | | |
| Subtotal..... | 37,180 | | |
| Total adjustment-to-base..... | 656,999 | | |
| Health Insurance | 0 | 0 | 2,332 |
| <p>Effective January 1999, PTO's contribution to Federal employees' health insurance premiums increased by 9.78%.</p> | | | |

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| Applied against the 2001 estimate of \$23,845,000 the amount of increase is \$2,332,041. | | | |
| <u>Travel</u> | 0 | 0 | 1 |
| Effective September 2000, the General Services Administration raised the mileage rate from 31 cents to 32.5 cents a 4.8% increase. This percentage was applied to the 2001 estimate of \$12,000 to arrive at an increase of \$576. | | | |
| <u>Rental Payments to GSA</u> | 0 | 0 | 1,208 |
| GSA rates are projected to increase 2.0% in 2002. This percentage was applied to the 2001 estimate of \$60,418,000 to arrive at an increase of \$1,208,360. | | | |

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| GPO Printing | 0 | 0 | 659 |
| GPO has provided an estimated rate increase of 1.5%. This percentage was applied as follows. | | | |
| Other GPO Printing: The percentage was applied to the 2001 estimate of \$2,934,000 to arrive at an increase of \$44,010..... | | | 44,010 |
| Trademark GPO Printing: The percentage was applied to the 2001 estimate of \$1,646,000 to arrive at an increase of \$24,690..... | | | 24,690 |
| Patent GPO Printing: The percentage was applied to the 2001 estimate of \$39,347,000 to arrive at an increase of \$590,205..... | | | 590,205 |
| Total GPO Printing adjustments-to-base..... | | | 658,905 |
| National Archives and Records Administration (NARA) storage costs | 0 | 0 | 27 |
| In FY 2000, NARA began billing agencies for records storage and maintenance costs. Record center holdings are expected to increase in FY 2002. The FY 2002 estimate for the PTO is \$27,000. | | | |

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| General Pricing Level Adjustment | 0 | 0 | 5,989 |
| <p>This request applies OMB economic assumptions for 2001 to subobject classes where the prices that the Government pays are established through the market system. Factors are applied to transportation of things (\$8,226); rental payments to others (\$9,450); communications, utilities, miscellaneous charges (excluding postage and FTS) (\$102,960); other services (\$4,722,156); supplies and materials (\$117,198); and equipment (\$1,029,420).</p> | | | |
| SubTotal, other changes | 0 | 0 | 43,820 |
| Total, adjustments-to-base | (700) | (700) | 43,820 |